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PROPOSED SYNOPSIS FOR PH.D. DEGREE

IN FACULTY OF SOCIAL SCIENCE (ECONOMICS)

Title:

ASSESSMENT OF PRADHAN MANTRI JAN DHAN YOJANA (PMJDY) IN BIHAR: A CASE STUDY OF SAMASTIPUR DISTRICT

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Research Proposal for Ph.D. Degree in Faculty of Social Science (Economics) LN Mithila University, Darbhanga

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ABSTRACT

Financial inclusion is one of the most important phenomena in the present scenario for inclusive growth and development of economies.

The "Pradhan Mantri Jan Dhan Yojana (PMJDY)" scheme was fully announced by the Prime Minister of India on 15 August 2014 from the ramparts of the Red Fort, it is a financial inclusion scheme for low-income, and economically weaker people of India. The announcement of this scheme to empower the weak, the Narendra Modi did it. On the state to involve people's economic activity. After 14 days of announcing this scheme, the central government has implemented it completely in India and the central government has accepted the responsibility of financial inclusion and the government has fulfilled the promise within the stipulated time frame.

The main objective of this scheme is to connect all the families living in the country with the banking facility and to include at least two persons living in each house in this scheme, this is the main objective of the Prime Minister. Is to be included first in this scheme which is outside the main agenda of financial inclusion.

There have been several new trends and developments which have not been analysed and need to be addressed. Financial inclusion scheme of Government of India i.e. Pradhan Mantri Jan Dhan Yojana (PMJDY) will be addressed. In fact, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has managed to open bank accounts but there is no commensurate increase in the use of these accounts, availability of formal credit or savings in financial institutions especially among the country's marginalized and poor sections.

Thus, it was felt necessary to study the performance of PMJDY on the basis of accounts opened and accounts which are operational. Therefore, the title of the research study is proposed as " **ASSESSMENT OF PRADHAN MANTRI JAN DHAN YOJANA (PMJDY) IN BIHAR: A CASE STUDY OF SAMASTIPUR DISTRICT (2015 TO 2024)**".

For understanding macro-perspective Bihar state while for micro- perspective Samastipur district to be covered. Samastipur district occupies an area of 2,904 square kilometres. According to the 2011 census Samastipur district has a population of 4,261,566.

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I. INTRODUCTION

Banking system is an integral part of the financial system. The economic development of the nation is highly depends on a sound banking system, which can facilitate mobilization of financial resources and channel them towards productive purpose which will results to high degree of capital formation.

To have equal development of the people of the country there should be an equal opportunities for access and usage of the various financial services. It is also viewed that financial exclusion is most among low income groups. Lack of opportunities and access to finance, financial illiteracy, besides poor performance, apathy and negative approaches of banks are reasons of financial exclusion. To overcome this disparities the financial inclusion needs to be implemented and executed effectively to achieve inclusive growth.

Financial inclusion is delivery of financial services like Bank accounts, Saving products, Remittances and payment services, Insurance, financial advisory services, Entrepreneur credit, Micro finance and Micro credit to weaker sections.

Financial inclusion is one of the most important phenomena in the present scenario for inclusive growth and development of economies. The financial inclusion term was first time used by British Lexicon. In India the idea of inclusive financial system has been drawn late to 1960, after the nationalization of 14 banks in 1969. This was intended to shift the class banking to mass banking. In India financial inclusion was first featured in 2005, when it was introduced from Pilot Project in UT of Pondichery by K C Chakraborthy, the Chairman of India Bank. He defined the term Financial Inclusion defined "The process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker

sections and low income group i particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players.

According to Dr. C. Rangrajan, chairman, the committee of financial inclusion, defined as "The process of ensuring access to financial services and credits where needed by vulnerable groups such as weaker section and low-income groups at an affordable cost.

According to Planning Commission (2009), "The financial inclusion refers to the universal access to a wide range of financial services at reasonable cost. These include not only banking products but also other financial services such as insurance and equity products"

According to Nupur Acharyer, "Real Financial Inclusion should ensure that a range of financial services are available to every individual. This includes a basic bank account, saving products suited to poor household, money transfer facilities, small loans, overdrafts and Insurance"

According T J Sehadri, "Financial Inclusion is key path to poverty alleviation. In defining financial inclusion, it is important to see as a progression and hierarchy of financial needs, which begins with the most basic needs, such as a secure account for holding payment transactions funds and bill payment and moves to more complex ones such as borrowing and Insurance"

"Mahatma Ghandi tried to end un-touchabality in the society if we want to eradicate poverty, we need to rid of finical untouchability ''

Narendra Modi, Prime Minister

The "Pradhan Mantri Jan Dhan Yojana (PMJDY)" scheme was fully announced by the Prime Minister of India on 15 August 2014 from the ramparts of the Red Fort, it is a financial inclusion scheme for low-income, and economically weaker people of India. The announcement of this scheme to empower the weak, the Narendra Modi did it. On the state to involve people's economic activity. After 14 days of announcing this scheme, the central government has implemented it completely in India and the central government has accepted the responsibility of financial inclusion and the government has fulfilled the promise within the stipulated time frame.

Immediately after the implementation of this scheme, on that day 7.5 crore bank accounts were opened by the poor women and men of economically weaker rural/urban

living in all the states of India by going to the camp and opening accounts with zero balance. And decided to join financial inclusion, thereafter, rural/urban women and men living in all the states of India gradually started opening accounts. The benefits of this financial literacy started a whole lot of overview of the destination of the government reaching its benefits among all.

And the final journey of this scheme is that the benefits of this scheme should reach the people of all rural and urban economically weaker women and men properly by the government.

The main objective of this scheme is to connect all the families living in the country with the banking facility and to include at least two persons living in each house in this scheme, this is the main objective of the Prime Minister. Is to be included first in this scheme which is outside the main agenda of financial inclusion.

A committee was constituted by the Central Government of India on 4th January 2005, headed by Dr.C. Rangarajan, and in this report, it was also mentioned that the economically weaker women and men should be included in this scheme so that, there may be some changes in the economic condition and living life. The main objective of the government is to include economically weaker people in the scheme so that the benefit of this scheme can be taken by the poor people. All the achievements received under the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme have been recognized by the Guinness World Record Book.

It is certified by this institution that under the Pradhan Mantri Jan Dhan Yojana. (PMJDY) scheme a total of 1, 80, 96,230 accounts in a week, and the total number of accounts in different states of India is in this type. And along with this, at least two people in each house should be connected to this campaign and their accounts should be opened. Along with this, some facilities are provided which are like financial literacy, banking facilities, credit insurance, and pension scheme, etc. to be completely included in the field.

The main purpose of the Pradhan Mantri Jan Dhan Yojana is to provide the main facilities to all the poor people living in rural and urban areas. Along with this, some facilities are also provided to remove poor people from the clutches of moneylenders, which have been issued across the country. Every bank account is one core connects to

the banking system (CBS) of banking facility available on Mobile Banking solution in on time. One of the basic mantras of Pradhan Mantri Jan Dhan Yojana is "Sab Ka Saath-Sab Ka Vikas" which is issued by the Finance Department of the Central Government of India.

In Bihar, there were 7713 bank branches till March 31, 2022, which is one percent higher than 7676 branches on March 31, 2021. The Commercial Banks, with 5083 branches, have the most extensive banking network in the state, followed by 2110 Regional Rural Bank branches. The number of ATMs in the state has increased by two percent from 6608 on March 31, 2021, to 6744 on March 31, 2022. The number of ATM cards issued by the different banks in the state increased by 12.2 percent during the same period.

The Annual Credit Plan (ACP) target by the banks in Bihar has increased from Rs. 1.54 lakh crore in 2020-21 to Rs. 1.62 lakh crore in 2021-22. The achievement percentage of the target has also improved from 82.8 percent in 2020-21 to 99.6 percent in 2021-22. The achievement percentage of the targets for the Priority and Non-priority sectors was 96.3 percent and 107.5 percent, respectively, in 2021-22.

II. STATEMENT OF THE RESEARCH PROBLEM

The financial inclusion in recent years have assumed new dimensions. There have been several new trends and developments which have not been analysed and need to be addressed. Financial inclusion scheme of Government of India i.e. Pradhan Mantri Jan Dhan Yojana (PMJDY) will be addressed. In fact, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has managed to open bank accounts but there is no commensurate increase in the use of these accounts, availability of formal credit or savings in financial institutions especially among the country's marginalized and poor sections.

Thus it was felt necessary to study the performance of PMJDY on the basis of accounts opened and accounts which are operational. Therefore, the title of the research study is proposed as " **ASSESSMENT OF PRADHAN MANTRI JAN DHAN YOJANA (PMJDY) IN BIHAR: A CASE STUDY OF SAMASTIPUR DISTRICT**".

III. RESEARCH COVERAGE

For understanding macro-perspective Bihar state to be covered while for micro-perspective Samastipur district. Samastipur district occupies an area of 2,904 square

kilometres (1,121 sq mi), comparatively equivalent to Indonesia's Muna Island. Samastipur is bounded on the north by the Bagmati River which separates it from Darbhanga district. On the west it is bordered by Vaishali and some part of Muzaffarpur district, on the south by the Ganges, while on its east it has Begusarai and some part of Khagaria district. In 2006 the Ministry of Panchayati Raj identified Samastipur as one of the country's 250 most backward districts (out of a total of 640). It is one of the 36 districts in Bihar receiving funds from the Backward Regions Grant Fund Programme (BRGF). According to the 2011 census Samastipur district has a population of 4,261,566, roughly equal to the Republic of the Congo or the US state of Kentucky. This gives it a ranking of 45th in India (out of a total of 640). The district has a population density of 1,467 inhabitants per square kilometer (3,800/sq. mi). Its population growth rate over the decade 2001-2011 was 25.53%. Samastipur has a sex ratio of 911 females for every 1000 males, and a literacy rate of 61.86%. At the time of the 2011 Census of India, 60.74% of the population in the district spoke Hindi, 30.79% Maithili and 8.40% Urdu as their first language.

IV. LITERATURE REVIEW

Certainly, here are reviews of select studies from the financial inclusion literature, covering various aspects of this important field:

Beck, Cull, & Jerome (2005) in his seminal study investigates the relationship between financial inclusion and economic growth. Beck and his co-authors employ a large dataset to assess the impact of banking sector development and financial inclusion on economic performance. The study finds a positive association, suggesting that financial inclusion, particularly through the expansion of banking services, can lead to higher economic growth. This study underscores the crucial role that access to financial services plays in fostering economic development.

The study of **Dabalen, Etang, & Hoogeveen (2013)** delves into the intersection of gender, mobile banking, and financial inclusion in sub-Saharan Africa. Using household survey data, the authors examine how mobile banking technologies can bridge the gender gap in financial inclusion. They find that mobile banking has the potential to empower women by providing them with access to financial services and

opportunities for savings and investments. This study highlights the transformative impact of technology on financial inclusion, particularly for marginalized groups.

Banerjee, Duflo, Glennerster, & Kinnan (2015) conducted a comprehensive field study in rural India to assess the impact of microfinance on financial inclusion. The research employs a randomized control trial to measure the effects of access to microloans on various financial indicators. The findings show that microfinance can lead to increased financial inclusion by promoting savings, smoothing consumption, and reducing vulnerabilities. This study emphasizes the potential of targeted financial interventions in enhancing financial access for disadvantaged populations.

The study by **Jack and Suri (2014)** focuses on the transformative impact of digital financial services, using the example of M-Pesa in Kenya. It explores how mobile money platforms can facilitate financial inclusion by extending access to payment services and acting as a gateway to other financial products. The research suggests that digital financial inclusion can bridge geographical and infrastructural gaps, thus reducing barriers to financial services for remote and underserved populations.

Demirgüç-Kunt, Klapper, Singer, & Oudheusden (2015) review synthesizes recent empirical evidence on financial inclusion and its relationship with inclusive economic growth. The authors analyze data from a wide range of countries and financial inclusion indicators. The review finds that increased access to financial services, especially savings accounts and credit, is associated with greater income equality and poverty reduction. This meta-analysis underscores the importance of financial inclusion as a driver of inclusive growth.

These selected studies offer valuable insights into the multifaceted nature of financial inclusion, its impact on various economic and social aspects, and the potential for innovative approaches, including digital financial services and microfinance, to enhance access to financial products and services. Financial inclusion research continues to evolve, contributing to a more inclusive and sustainable global financial system.

Manpreet Kaur discussed various attributes of this scheme highlighting the difference between actual provisions and wrong perceptions created among people. He also discussed PMDJY Phase-2 has been efficiently implemented promoting financial

literacy and acting as platform for creating habit of saving, providing subsidies to poor people, running welfare programmes for such low income groups. Phase-2 is in its initial stage. It is having the most attractive feature of overdraft facility which is not clear to most of the people opening the account, as it is having certain secret conditions known only to bankers and are left to discretion of bankers.

Praveen Kumar Nimbrayan & Nitin Tanwar reviewed the current status of PMDJY and financial inclusion in India. For the sustainable growth of the Indian economy the PMDJY is an innovative idea which empowers the alternative technique to encourage the banking traditions and acts as an enable in reducing the poverty. He studied that 18.28 crores accounts opened in rural by RRB, Public sector. 10 PMDJY 100% successes achieved in North zone in India. He concluded overall PMDJY is an ambitious financial inclusion plan in India.

Neha Sharma highlighted the basic concerns and issues of initiatives taken by GOI and RBI like establishment of Co-operative banks, Nationalization of banks, Lead bank scheme, Priority sector leading, Establishment of RRB's, Self Help Group (SHG), Kisan Credit Card, GCC, Micro Insurance, opening of No-frill accounts, PMDJY etc. He suggested that GOI should implement such a policy for whole financial sector which considers technological advancements in finical literacy, capacity building and awareness programmes especially in rural areas with a view to economic development of the country.

V. OBJECTIVES OF THE STUDY:

The main objectives of the study are 1. To examine the progress and achievements of the Pradhan Mantri Jan Dhan Yojana. 2. To assess the impact of Pradhan Mantri Jan Dhan Yojana, focusing specifically on its implementation and various stakeholder 3. To analyze the present status of financial inclusion based on the implementation of Pradhan Mantri Jan Dhan Yojana.

VI. HYPOTHESIS:

Following hypothesis will be veryfied in this study:

- Impact of PMJDY as a financial inclusion scheme is significant.

- There are significant differences in Bank wise performance on the basis of Number of Accounts opened and Deposits under PMJDY.
- There are significant association of Satisfaction level with Age, Gender, Social Category, Educational Qualification, Annual Income and Occupation under PMJDY.

VII. METHODOLOGY:

This being an analytical research on Government initiated financial inclusion scheme it will be based on both Primary and Secondary sources of data. Primary data- Primary data are collected from some primary sources that is, a source of where the data generate. Data that are going to be collected originally for a certain purpose are known as primary data. In this research primary data will be collected from 400 respondents who are beneficiaries of PMJDY. Snowball sampling technique will be used here. Primary data will also be collected from Bank managers in the form of information. The same will be used for overall study and research conclusion. Secondary data- Secondary data are collected from some secondary sources that is, the data collected by one person or agency but used by other person or agency. The data related to this study will be gathered from various secondary data sources which include Govt websites, information from books, journals, articles, internet, Government offices.

Tools for data collection- One structured questionnaire will be framed for collecting primary data from 400 respondents of PMJDY. One structured schedule for interview of 40 Bank managers will be framed to collect primary data for PMJDY. Presentation of Data and Analysis of Data-Data collected from primary and secondary sources will be presented through tables and graphs for comparison and analytical study. The hypotheses that have formulated will be tested by using appropriate statistical techniques like ANOVA, t test and Chi-Square. Also, SPSS software will be using for statistical analysis.

VIII. EXPECTED CONTRIBUTION OF THE STUDY

Financial inclusion does not mean only opening of bank accounts though it is the first step of financial inclusion initiative. Financial inclusion means according to Dr. C. Rangarajan (2008) is the process of ensuring access to financial services, timely and adequate credit where needed to the vulnerable groups such as weaker sections and low income group at an affordable cost. So until and unless the accounts are operational, that is, active, low income groups who avail the financial services offered to them at an affordable cost, financial inclusion will not be effective. Therefore along with opening of accounts, accounts should be operational. This study will focus on this aspect. The study will have academic contribution in the field of sustainability of financial inclusion programmes in India, Bihar and Samastipur District. The study can help the policy makers working for financial inclusion in determining whether their objectives are being fulfilled or not.

IX. CHAPTERIZATION OF THE STUDY

I. Introduction

II. Review of Literature

III. Data Source of Methodology

IV. Physical and Financial Performance of Pradhan Mantri Jan Dhan Yojana in Samastipur District.

V. Impact of Pradhan Mantri Jan Dhan Yojana in Samastipur District.

VI. Problems of Pradhan Mantri Jan Dhan Yojana in Samastipur District.

VII. Summary, Conclusion and Suggestions.

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